



# MEMBER NEWS

Spring 2006

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## Retirement Board

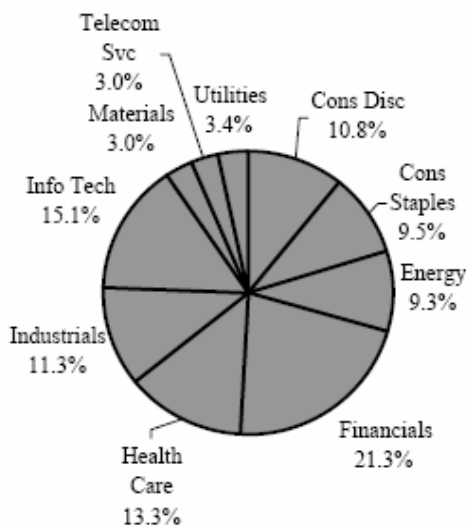
L. Mark Balen  
Chairman  
Sue DeFrancesco  
Vice Chair  
Purismo Hernandez  
Member  
David F. Kallas  
Member  
Charles A. Silvestri  
Member  
George W. Stevens  
Member  
Warren Wish  
Member

## Executive Staff

Dana K. Bilyeu  
Executive Officer  
Tina M. Leiss  
Operations Officer  
Laura B. Wallace  
Investment Officer

## Index Profile: The S & P 500

U.S. equities comprise 45% of PERS' assets. The benchmark for this allocation of over \$8 billion is the Standard & Poor's 500. The S&P 500 is one of the oldest and most well known of the U.S. equity indices. It was established in 1957 as the first market-value-weighted index (shares outstanding multiplied by stock price). By weighting the stocks in this way, each company's influence on the performance of the index is directly proportional to that company's market value. In other words, the larger the company, the greater its effect. The goal in structuring the index this way, is to provide a more accurate gage of the performance of the U.S. equity market.



Sector Breakdown as of 12/31/05  
Source: Standard & Poor's

The S&P 500 is made up of 500 stocks that are traded on the New York Stock Exchange, the American Stock Exchange, and the NASDAQ National Market System. However, companies selected for the index are not chosen because they are the largest, but because they are representative of important industries within the U.S. economy. In fact, when the U.S. Department of Commerce developed its Index of Leading Economic Indicators in 1968 to signal potential turning points in the national economy, it chose the S&P 500 Index as a component.

The S&P Index Committee makes all decisions about which stocks to include in the S&P 500. The objective of the Committee is to keep the Index as representative of the U.S. equity market as possible, while maintaining stability. Every effort is made to avoid excessive turnover.

Companies receiving unanimous Committee approval for inclusion into the Index are added to the S&P 500 Index Replacement Pool. Whenever there is a vacancy, the most appropriate company in the Pool is chosen for inclusion in the S&P 500. As with stocks already included in the index, companies in the Replacement Pool are continuously monitored. If a company no longer meets the selection criteria, it is dropped.

Further information may be found at [www.standardandpoors.com](http://www.standardandpoors.com). ■

## How Divorce Can Affect Retirement Benefits

A divorce may result in a division of retirement benefits between a member and their spouse. The effect of a divorce on a member's retirement benefit is determined by the agreement between the member and spouse.

If, in the negotiation of the divorce, the member and spouse agree the PERS benefit will be the sole and separate property of the member, PERS will require a certified copy of the Divorce Decree that clearly states this award. This will be filed in the member's account so at the time of retirement no adjustment will be made to the member's retirement benefit.

If negotiations determine that the ex-spouse (Alternate Payee) will receive a portion of a member's benefit, PERS will require a certified copy of the Qualified Domestic Relations Order (QDRO). The QDRO will direct PERS on how benefits will be distributed at the time of retirement.

The following examples illustrate some common ways the retirement benefit may be distributed:

1. The QDRO provides that the ex-spouse must receive a portion of the benefit, but will not be named as beneficiary. In this case, the Alternate Payee would receive a portion of the retiree's monthly retirement benefit while the retiree is receiving a benefit. Upon the retiree's death, all benefits to the Alternate Payee would stop.
2. The QDRO provides that the ex-spouse must be named as beneficiary to receive a benefit after the retiree's death. In this case, the retiree's benefit is actuarially reduced to provide a benefit for the ex-spouse. The Alternate Payee would not receive any benefits until the retiree's death, at which time the Alternate Payee would begin to receive a monthly benefit that is payable until his or her death.
3. The QDRO provides that the ex-spouse must be named as beneficiary to receive a benefit after the retiree's death, and also to receive a portion of the monthly benefit during the retiree's lifetime. In this case, the retiree's retirement

benefit is actuarially reduced to provide a benefit for the ex-spouse after the retiree's death, and the Alternate Payee would receive a portion of the retiree's monthly retirement benefit while the retiree is receiving a benefit.

PERS will not pay benefits to an Alternate Payee before the retirement of the member. If a member dies before retirement, survivor benefit law will govern how benefits are paid. PERS will pay eligible survivors, as defined by statute: a current spouse and dependent children. If a member is not married at the time of death, survivor benefits will be paid to the designated beneficiary/ies listed on the Survivor Beneficiary Form on file.

Divorce can significantly affect a Member's retirement benefit. Members who find themselves in this situation can find further information in our publication, "Divorce and Your PERS Retirement – QDRO Guide" available on our website at [www.nvpers.org](http://www.nvpers.org), or you may contact our office at 1-866-473-7768. ■

## Investment Officer Steps Down

Laura Wallace will be stepping down as Investment Officer effective August 4, 2006.

"Laura has provided tremendous leadership to the investment program during her 25 years of service to the Retirement System," Dana Bilyeu, PERS Executive Officer, said. "Laura's contributions to the retirement security of public employees throughout the State of Nevada are immeasurable."

Wallace began her career at PERS in 1981 and became PERS' first Investment Officer in 1985. "Her professionalism and dedicated work are extremely valuable assets to the System and will be greatly missed," said

Mark Balen, Chairman of the Retirement Board. "The entire Board and staff wish Laura continued success as she moves into the next chapter of her life."

During Wallace's tenure at PERS, the investment program has exceeded its long-term objectives and is well-positioned for continued success. "We have a remarkable long-term performance record, which we underlie with a very reasonable and sensible investment strategy," said Wallace. "I am looking forward to working with the Board and senior executives the next several months on a very orderly transition."

Dana Bilyeu will select the next PERS' Investment Officer upon confirmation of the Retirement Board. ■

## Test Your PERS Retirement Knowledge

- What is the vesting period for a PERS pension benefit?
  - 10 years
  - 5 years
  - 2 years
  - Age 62
- With ten years of regular service, at what age are you eligible to collect an unreduced benefit?
  - 60
  - Any age
  - 65
  - 62
- What three factors does PERS consider when determining your benefit amount?
  - Employer, last 3 years of salary, age
  - Last 3 years of salary, age, hire date
  - Service credit, average compensation, age
  - Hire date, overtime worked, age
- PERS is a defined benefit plan. What does that mean?
  - Your PERS benefit is the total contributions made while working
  - Your PERS benefit is based on pre-retirement planning
  - Your PERS benefit must be approved by a Planning Commission
  - Your PERS is based on a formula and is payable for your lifetime
- Members are permitted to take loans or borrow against their PERS account.
  - True
  - False

Answers on Page 4

## In-House Programs

- ◆ April 13 – 4:00  
Carson City PERS Office
- ◆ April 13 – 12:00 & 4:00  
Las Vegas PERS Office
- ◆ May 11 – 4:00  
Carson City PERS Office
- ◆ May 11 – 12:00 & 4:00  
Las Vegas PERS Office
- ◆ June 8 – 4:00  
Carson City PERS Office
- ◆ June 8 – 12:00 & 4:00  
Las Vegas PERS Office

## Member & Retiree Services Director Retires

Holly Zimmerman, Director of Member & Retiree Services for the System, has announced her retirement effective May 5, 2006. Holly began her career with PERS in 1987 and served in numerous capacities at the System, including retirement counselor and management analyst. During her tenure, she managed many major projects, such as the complete technology replacement project for the System, as well as providing many hours of counseling and educational programs to PERS' members, retirees and employers.

"The compassion Holly has for PERS' members and retirees and for her staff is beyond measure," Dana Bilyeu, PERS' Executive Officer, said. "Holly has led by example and she will leave many behind who have benefited by that example, including me. We wish her well in her future pursuits and will miss her positive, professional approach to all her responsibilities."

As of the printing of this newsletter, the position of Director of Member and Retiree Services had not been filled. ■

## PERS Contact Information



Las Vegas (702) 486-3900  
Reno or Carson City (775) 687-4200  
Toll Free 1-866-473-7768



[www.nvpers.org](http://www.nvpers.org)



693 W. Nye Lane, Carson City, NV 89703  
5820 S. Eastern Ave., Suite 220, Las Vegas, NV 89119



FAX

(775) 687-5131  
(702) 678-6934

## Answers: Test Your PERS Retirement Knowledge

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1. B. Vesting is the attainment of creditable service, which guarantees a member those benefits accrued as of that date. The initial vesting period for PERS benefits is five years.
  2. A. Once the initial vesting period is met, regular members are eligible to draw an unreduced benefit beginning at age 65. If service continues to ten years, the unreduced benefit is payable at age 60. For ten years of service completed in a covered Police/Fire position, the unreduced benefit is available at age 55.
  3. C. Retirement benefits are calculated using total years of service credit, average 36 highest months of compensation and age at time of retirement.
  4. D. A defined benefit plan is a pension plan that uses a formula to determine the amount of the pension benefit, and the benefit is payable for life upon retirement.
  5. B. There are no statutory provisions for members to borrow against their retirement accounts. ■
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This publication is intended to provide general information. If there is any conflict between this information and Nevada laws or PERS policies, the laws and policies will supersede this information.

*Member News* is a quarterly newsletter for members of the Public Employees' Retirement System of Nevada. Comments or suggestions may be directed to: PERS, Newsletter, 693 W. Nye Lane, Carson City, Nevada 89703

### Retirement Board Meeting Dates

April 19, 2006  
5820 S. Eastern Ave.  
Suite 220, Las Vegas

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May 10, 2006  
693 W. Nye Lane  
Carson City

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June 21, 2006  
693 W. Nye Lane  
Carson City

•

July 19, 2006  
5820 S. Eastern Ave.  
Suite 220, Las Vegas

NV PERS  
693 W. Nye Lane  
Carson City, NV 89703  
(775) 687-4200

We're on the Web!  
[www.nvpers.org](http://www.nvpers.org)